



HUD-OWNED SALE

Alhambra House
A 7-bedroom house (former Group Home)
18345 Aguiro St
Rowland Heights, CA 91748

Is offered for sale:

- Available as a single family home or rental property.
- Required document submissions and terms are different for a Homebuyer (Owner Occupant) than an Investor.
- Minimum bid: \$200,000
- This is an "All-Cash," "As-Is" Sale.
- HUD is not offering financing with this sale.



Open House:
September 4, 2014
Time: 8:00 am to 12:00 pm
(local time)

Oral bids will be accepted on:
September 17, 2014
at:10:00 am(local time)

Sale Location:
U.S. Department of Housing and
Urban Development
AT&T Building
611 West Sixth Street
Suite 801
Los Angeles, CA 90071



U. S. Department of Housing and Urban Development
Property Disposition Division
801 Cherry Street, Unit #45, Ste. 2500
Fort Worth, TX 76102

DUE DILIGENCE SHOULD BE PERFORMED IN ADVANCE OF SUBMITTING A BID. WHILE CARE HAS BEEN EXERCISED TO ENSURE ACCURACY, ALL INFORMATION PROVIDED IS SOLELY FOR THE PURPOSE OF PERMITTING PARTIES TO DETERMINE WHETHER OR NOT THE PROPERTY IS OF SUCH TYPE AND GENERAL CHARACTER AS TO INTEREST THEM IN ITS PURCHASE. HUD MAKES NO WARRANTY AS TO THE ACCURACY OF SUCH INFORMATION

INVITATION TO BID

Consistent with and subject to the terms and conditions of this Invitation to Bid, there is an opportunity to make an offer to purchase the Project more particularly described below. This document, titled Invitation to Bid, sometimes referred to herein as the "Invitation," and commonly known as a "Bid Kit," sets forth the terms and conditions for the submission of a bid to acquire the Project at the sale of the Project. This Invitation also includes information concerning Previous Participation Certification (Form HUD-2530) requirements and a list of the forms necessary to submit a complete, responsive bid.

INVITATION DEFINITIONS

The following definitions apply to capitalized terms in this Invitation.

1. **APPS:** The Active Partners Performance System (APPS) allows HUD's business partners to manage their company and individual participation information and submit their APPS Previous Participation Certification (APPC) requests directly to HUD for processing via the Internet.
2. **Affiliate:** Persons are affiliates of each other if, directly or indirectly, either one controls or has the power to control the other or a third person controls or has the power to control both. The ways we use to determine control include, but are not limited to (a) Interlocking management or ownership; (b) Identity of interests among family members; (c) Shared facilities and equipment; (d) Common use of employees; or (e) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person. ([24 C.F.R. § 200.215](#) - Affiliate.)
3. **Cash Due at Closing:** The bid price less the Earnest Money Deposit received, plus any prorations. Cash due at Closing includes all initial deposits to escrow and/or reserve accounts as may be required by HUD. Funds shall be paid in the form of a money order, certified funds or a cashier's check made payable to: The U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
4. **Certification of Substantial Compliance:** A certification by an Investor High Bidder that its other properties in the jurisdiction of the Project are in substantial compliance with state and local laws. Exhibit F of the Contract of Sale.
5. **Closing:** When title to the Project is transferred to the bidder that HUD deems qualified to purchase the Project.
6. **Days:** Federal government business days, unless otherwise stated as calendar days.
7. **Deed:** Special Warranty Deed. The deed that will transfer title to the purchaser.
8. **Earnest Money Deposit:** The amount of the deposit identified in the Property at a Glance. Must be submitted at the Sale.
9. **Evidence of APPS registration:** After the sale, this is certification that must be submitted to the Realty Specialist identified in the Property at a Glance and can be in the form of a copy of the *Participant Successfully Registered* page from the APPS system **and** a copy of the *Multifamily Coordinator and User Registration page* from Secure Systems **or** a copy of the *Participant Detail* page. (See APPS User Guide-Industry for printing instructions).
10. **Extension Fees:** The fee that must be paid to HUD when requesting an extension of the time, or deadline, for the Closing. If an extension of the deadline for the Closing to occur is authorized, the Purchaser must pay a fee for each thirty (30) calendar day extension period, the amount of which will be determined by HUD consistent with current policies and procedures.
11. **Extension Period:** Extensions of time for Closing are granted for a thirty (30) calendar day period.
12. **High Bidder:** Highest, responsive bidder at the Sale.
13. **Homebuyer:** also known as an Owner Occupant. A highbidder that certifies to HUD of thier intent to reside at the property as his/her primary residence for a minimum of twelve (12) months following the purchase.
14. **Investor:** A prospective bidder that does not intend to use the property as their residence i.e. for rental housing or to resell.
15. **LOC:** Letter of Credit: An assurance of the completion of HUD required Repairs. An unconditional, irrevocable and nondocumentary Letter of Credit, issued from a recognized FDIC-insured lending institution. The amount is identified in the Property at a Glance.
16. **Owner Occupant:** see Homebuyer.
17. **Owner Occupant Certification:** This document certifies to HUD that the High Bidder intends to reside at the property as his/her primary residence for a minimum of twelve (12) months following the purchase.
18. **PCS:** Physical Condition Standards; The Department's minimum physical condition standards. ([24 C.F.R. § 5.703](#)). These are the decent, safe and sanitary conditions, and in good repair, standards which must be met within a specified number of calendar days after Closing.
19. **Post-Bid Document Submittals:** All documents, statement, and forms listed in the Invitation that must be submitted by High Bidder in order to be considered for HUD approval to purchase the Project.
20. **Post-Closing Repairs:** All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of the state and local codes and laws, ordinances, regulations, and HUD's Physical Condition Standards.
21. **Previous Participation:** It is HUD's policy that participants in its housing programs be responsible individuals and organizations that will honor their legal, financial, fair housing and contractual obligations. ("Responsibility" is a

term used by HUD to mean business integrity, honesty and capacity to perform). Accordingly, uniform standards are established in HUD regulations for approval, disapproval or withholding of action on principals for projects in which they apply to participate.

22. Previous Participation Certification: Form HUD-2530. The information within this form, in combination with other factors and submitted documentation, will be used to determine whether HUD will approve a bidder to purchase, and/or operate and manage the Project.
23. Principal: Principal means (a) An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or (b) A consultant or other person, whether or not employed by the participant or paid with Federal funds, who (1) Is in a position to handle Federal funds; (2) Is in a position to influence or control the use of those funds; or, (3) Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction. (c) A person who has a critical influence on, or substantive control over, a covered transaction, whether or not employed by the participant. (For complete definition see [24 C.F.R. § 200.215](#) – Principal.)
24. Project: The property previously used as a group home and all real and personal property appurtenant thereto, as presented on the cover of this Invitation.
25. Property at a Glance: Contains information about the Project and contact information for the Realty Specialist – see Attachment A to Invitation.
26. Purchaser: Person or entity receiving HUD approval to purchase the Project.
27. Realty Specialist: HUD staff member to be contacted for additional information concerning the Project or the Sale. Identified on the Property at a Glance.
28. Repairs: see Post-Closing Repairs.
29. Second High Bidder: Second highest, responsive bidder at Sale.
30. Section 8: Section 8 of the United States Housing Act of 1937 and applicable regulations within Title 24 of the Code of Federal Regulations.
31. Statement of Experience: The written statement to be submitted by Investor High Bidder, as part of the qualification process in order to be considered by HUD for approval to purchase the Project.

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **BID RESPONSIVENESS:** A bid must be responsive to the terms of the Sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the Sale are those set out in this Invitation and Attachments, especially the Contract of Sale. Lack of an Earnest Money Deposit, as required by this Invitation, will be cause for bid rejection.
2. **SALE TO HIGHEST QUALIFIED BIDDER:** Sale of this Project will be awarded to the highest bidder determined to be qualified to purchase the Project. The defaulting owner of the Project, or any affiliate thereof, will not be permitted to bid.
3. **BID ACCEPTANCE OR REJECTION:** At any time prior to Closing, HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any bidder HUD determines lacks the experience, ability, or financial responsibility necessary to own and provide management acceptable to HUD.
4. **CANCELLATION OF SALE:** HUD reserves the unconditional right to cancel this Invitation and reject any and all bids at any time prior to the Closing of the Sale.
5. **BIDDER'S DUE DILIGENCE:** Bidders, their agents and advisors should review carefully the information in this Invitation and Attachments, and any additional information made available by HUD, and should undertake their own investigation of the Project to evaluate the risks associated with purchasing the Project.
6. **POST-CLOSING REQUIRED REPAIRS:** HUD is not requiring specific repairs; the Project must be repaired to meet state and local codes and the Department's Physical Condition Standards. Repairs that must be completed by Purchaser after Closing, if applicable to this Sale, are included in Riders 3 and 5 of the Contract of Sale
7. **While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character they are interested in purchasing. HUD makes no warranty as to the accuracy of the information. The failure of any bidder to inspect or be fully informed as to the condition of all or any portion of the Project, or any conditions of Sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.**
8. **OUTSTANDING ENCUMBRANCES:** By entering its bid, the High Bidder agrees to assume all responsibility for paying all outstanding encumbrances and expenses, including, but not limited to, taxes, assessments, utility bills and any liens. Bidders are advised to determine outstanding expenses, taxes, utilities, assessments, and liens as part of the due diligence process and take them into consideration when bidding.
9. **RECORDATION OF CERTAIN DOCUMENTS:** The Special Warranty Deed with any riders thereto (provided in the Contract of Sale) will be recorded.
10. **ADDITIONAL INFORMATION:** For further information, please contact the Realty Specialist.

SECTION 2 –PREVIOUS PARTICIPATION CERTIFICATION FOR PARTICIPANTS IN HUD MULTIFAMILY PROGRAMS

1. **GENERAL:** All bidders, management agents and other participants as required by HUD must file a Previous Participation Certification (Form HUD-2530) in either electronic or paper format. Bidders must comply with all HUD Previous Participation Certification (Form HUD-2530) requirements as outlined in the Invitation.
2. **ELECTRONIC FILING:** If filing electronically, use [APPS](#) to submit Previous Participation Certification (Form HUD-2530) on HUD's Secure Systems Internet Site. Prior registration is not mandatory in order to bid at the Sale. However, all potential bidders registering for the first time in Secure Systems and/or APPS should do so at least two (2) weeks prior to the Sale because it takes approximately two (2) weeks after registration to receive the User/Coordinator ID. Instructions for registering for both Secure Systems and APPS are located on the [Active Partners Performance System \(APPS\) web site](#).
3. **PAPER FILING:** If filing in paper format, submit the Form HUD-2530, and an Organizational Chart of the proposed ownership entity to the Realty Specialist.
4. **UPDATES:** If a management agent will be participating in the management of the Project, or if bidder is changing principals, adding principals, changing the name of the purchasing entity, or changing tax identification from information already recorded in APPS or on a paper 2530, **it is the High Bidder's responsibility to ensure that all required participants register and complete the 2530 process within the prescribed time frames.**
 - **Failure of any participant to submit a Previous Participation Certification (Form HUD-2530) or other required document(s) within the indicated time frame specified in Section 4 below may be grounds for rejection of the bid.**
 - **The High Bidder's experience, qualifications and capacity to purchase the Project must be**

approved by HUD in order to purchase the Project. This includes, but is not limited to, 2530 approval.

SECTION 3 - SALE PROCEDURES AND SUBMISSION OF BIDS

1. **GENERAL:** In order to submit a complete, responsive bid to this Invitation, a bidder must submit the items listed in this Section, and the additional items as indicated in Section 4, below.
2. **BIDDING AT THE SALE:**
 - a. The Sale is an oral, open bid sale that takes place at the date, time and place indicated on the cover of this Invitation. HUD has designated the Director of Property Disposition Division ("Official") to conduct the sale of this Project.
 - b. The bidder must either:
 - i. State a bid price orally at the sale, or
 - ii. Submit a written bid to the official two (2) days before the date of the Sale. Written bids, if received, will be read aloud at the Sale before oral bids are accepted. Only the bidder that submitted the written bid, or an agent thereof, may raise a written bid price. Please contact the Realty Specialist identified in the Property at a Glance for details regarding submitting a written bid.
3. **CORRECTIONS:** Any changes or erasures made to information submitted by a bidder in connection with a written bid may be made by the bidder or their agent only and must be initialed by the bidder or agent.
4. **TELEGRAPHIC OR FACSIMILE BIDS:** Emailed, telegraphic or facsimile bids and/or bid modifications will not be considered.
5. **ITEMS THAT MUST BE SUBMITTED AT THE SALE:**
 - a. **Contract of Sale:** Three (3) signed, completed copies of the Contract of Sale must be submitted. To be considered complete, the Contract of Sale must include the date the contract is completed, the name of the purchasing entity, the bid price, the earnest money deposit amount, the balance to be paid at closing, the Grantee's signature and date of Grantee's execution, witness names, other information required on the execution page of the Contract of Sale, and the High Bidder's (as "Grantee") initials acknowledging each contract rider. The completed Contract of Sale is an integral part of the bid. An incomplete Contract of Sale may be reason for HUD to reject the bid.
 - b. **Earnest Money Deposit:**
 - i. The Earnest Money Deposit, for the amount specified in the Property at a Glance (Attachment A), must be submitted to the Official prior to presenting an oral or written bid, at the start of the Sale.
 - ii. The Earnest Money Deposit must be in the form of a money order, certified funds, or cashier's check payable to: **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**. No other method of payment is acceptable.
 - iii. A financial organization submitting a bid on its own behalf must have the Earnest Money Deposit drawn on another financial organization
 - iv. Lack of proper deposit will be cause for rejection of the bid by HUD.
 - v. Immediately following the Sale, the Earnest Money Deposit will be returned to all but the High Bidder.
 - c. **Evidence of bidder eligibility**, if applicable See Attachment I, if provided.
6. **NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDER:** The High Bidder and Second High Bidder will be notified orally of their bidding positions by the Official immediately after the Sale.

SECTION 4 - POST SALE PROCEDURES

1. **CONTINUANCE OF OFFERS:** The high bid shall be deemed to be a continuing offer from the time of the sale until closing or bid rejection by HUD. The second high bid shall be deemed to be a continuing offer until execution of the Contract of Sale by HUD or until thirty (30) days after the sale, whichever occurs first, unless HUD and the second high Bidder mutually agree to extend the offer. After the above activities have occurred, or the extension agreement has ended, the bid will be deemed to have expired
2. **POST-BID DOCUMENTS SUBMITTALS:** The High Bidder must submit the following items within the timeframes shown below:
 - a. Two (2) Days After Sale (**Investors and Homebuyers**):
 - i. Previous Participation Certification:
 - (a) Paper filing:
 - (i) **Form HUD-2530:** A completed paper Form HUD-2530(s), with original signatures, for the purchasing individual or entity including all principals. Proposed ownership must have established tax identification or social security number; **and**
 - (ii) **Organization Chart (If High Bidder is an entity, such as a corporation or partnership):** An organization chart, reflecting all principals of the purchasing entity and each principal's percentage of ownership must accompany the completed paper Form HUD-2530.
 - (b) Electronic filing:
 - (i) **Bidders not registered in APPS and Secure Systems:** Submit certification of

registration in Secure Systems and APPS.

- (ii) **Electronic Filers registered in APPS and Secure Systems:** Submit evidence of filing in accordance with Section 2 herein.

- ii. Certification of Substantial Compliance (**Investors Only**): A completed and original, Exhibit F to the Contract of Sale. If HUD determines that such projects of the High Bidder, are not in substantial compliance with state and local codes, HUD may determine that the High Bidder is not qualified to purchase the Project. The Earnest Money Deposit may be forfeited.
- iii. Owner Occupant Certification (**Homebuyers only**): A completed and original, Exhibit L to the Contract of Sale.
- b. Five (5) days After Sale (**Investors Only**): If the High Bidder is an Investor purchasing the property for use as rental property, then the High Bidder must submit a written Statement of Experience. This requirement does not apply to Homebuyers (Owner Occupants). The written Statement of Experience must demonstrate approximately five (5) years of experience in successfully owning and managing properties similar to the Project. The written Statement of Experience shall provide the following information for all properties similar to the Project being sold, not to exceed three (3) specific examples. The written Statement of Experience should not exceed five (5) pages per property:
- The location of other owned multifamily or single family rental properties.
 - The number of units and construction type (garden, walk-up, hi-rise) for each property.
 - Identify type of management.
 - Identify properties that have government assistance and type of assistance, i.e., project-based assistance, tenant-based voucher assistance, etc.
 - Identify the initial physical needs of each property and how they were addressed.
 - Identify the social needs of each property and how they were addressed.
 - Identify the economic needs of each property and how they were addressed.
- For the Project being sold, describe how you will:
- Satisfy conditions of the sale, i.e., repair program, income and rent limitations, etc.
 - Implement a sound financial and physical management program for the Project.
 - Respond to the needs of the tenants and work cooperatively with resident organizations.
 - Provide adequate organizational staff and financial resources to the Project.
 - Provide services, maintenance and utilities to the Project.
 - In addition, disclose whether other government assistance will be utilized in conjunction with the Section 8 assistance if HUD is providing project-based Section 8 assistance.

- c. Ten (10) days After Sale: All High Bidders, both **Investors and Homebuyers (Owner Occupants)**, must submit the documents checked below:

☒ Personal Financial and Credit Statement (Form HUD 92417), for each proposed owner and/or principal

Investors only (not Homebuyers or Owner Occupants) must submit the documents checked below:

☒ Form HUD-2530 for Purchaser, if different from High Bidder

☒ Form HUD-2530 for the Management Agent, if applicable

☒ Management Entity Profile (Form HUD-9832)

☒ Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A),

OR

☒ Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839B)

(Only one of these forms A or B will be required for management certification.)

- d. Ten (10) days After Sale (**Investors and Homebuyers**): Electronic filing of the Form HUD-2530 for the management agent or the High Bidder's ownership entity must be completed and a signed copy provided to the Realty Specialist.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME MAY BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

3. QUALIFICATION, ACCEPTANCE, REJECTION OF BID:

a. Required Bidder Qualifications to Purchase Project:

- i. **Investor Only:** It is the objective of the Department's multifamily sale process to transform troubled and distressed multifamily properties into viable, long-term housing resources. To accomplish this objective, the Department will only award a HUD property to a High Bidder that has the financial capacity and demonstrated experience (approximately five (5) years) of successfully owning, managing and transforming distressed and troubled multifamily properties as viable, housing resources.
- ii. The Department has the discretion to evaluate, starting with the High Bidder and proceeding in descending order, if necessary, the bidder's experience, qualifications and capacity to purchase the Project based on a review of the documentation described below, information independently obtained and verified by HUD, and the Post-Bid Document Submittals required herein. The documentation must demonstrate that the Investor bidder owns (or has owned) and is successfully managing and operating (or has successfully managed and operated) properties of similar size and characteristics

(including problematic complexities) as the Project being sold. The Investor documentation will be used by HUD to determine whether the bidder has the financial capacity and demonstrated experience to acquire and successfully transform the Project into a long-term, viable rental housing resource. For an Owner Occupant bidder, HUD will review the bidder's financial capacity to purchase, repair, and maintain the property has a single family home.

- iii. HUD may, in its sole discretion, accept or reject any bid submitted for the purchase of the Project. The review and approval of the Previous Participation Certification (Form HUD-2530) is a requirement for the purchase of the Project. However, Previous Participation Certification approval is only one aspect of HUD approval of the bidder's qualifications.
- iv. Based on HUD's review of the documentation submitted, as well as any additional information independently obtained and verified by the Department, HUD will determine whether the bidder has the requisite experience, qualifications and financial capacity to purchase the Project. This determination is within HUD's sole and absolute discretion. If HUD determines that the bidder does not have the experience, qualifications and/or financial capacity to purchase the Project, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation.
- v. In the event that HUD rejects a bid, HUD will return the bidder's earnest money deposit, provided the bidder has not failed to meet time limits required to submit documentation, or made any misrepresentation or material omission(s) in the bidder's submission of documentation. If the bidder fails to properly submit all required documentation within the required time limit or HUD determines that the bidder misrepresented his or her experience, qualifications, or financial capacity, the Earnest Money Deposit will be forfeited and retained as liquidated damages. HUD may seek any and all additional remedies.
- vi. HUD may require the High Bidder to obtain the services of a qualified multifamily project management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to Closing.

b. Bidder Approval:

- i. If HUD determines that the High Bidder is qualified, the High Bidder will be confirmed as and identified as the Purchaser;
- ii. If the high bid is rejected due to HUD's determination that the High Bidder is not qualified to purchase the Project, HUD will notify the High Bidder in writing;
- iii. If HUD rejects the High Bidder, HUD may in its sole discretion elect to contact the Second High Bidder, and/or succeeding bidders as bidders withdraw or do not qualify, to purchase the Project. If contacted by HUD, the Second High bidder or succeeding bidder will be offered the opportunity to purchase the Project and will be given twenty-four (24) hours to submit the earnest money deposit and execute the Contract of Sale, and thereby will be deemed as the High Bidder. HUD will review the bidder's Post-Bid Document Submittals, which must be submitted within the same timeframes detailed in Section 4 of this Invitation beginning from the date the Contract of Sale is executed, in order to determine if the bidder is qualified to purchase the Project;
- iv. HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual that executed the Contract of Sale; and
- v. The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the Sale.

4. **EARNEST MONEY DEPOSIT: All bidders** must submit the Earnest Money Deposit to the Official at the start of the Sale. Immediately following the Sale the Earnest Money Deposit will be returned to all but the High Bidder. Interest will not be paid on Earnest Money Deposits.
 - a. If HUD determines that the High Bidder is qualified to own and manage the Project or is a qualified Owner-Occupant, its bid is acceptable and the High Bidder complies with the requirements of this Invitation, the Earnest Money Deposit will be credited against the bid price at Closing.
 - b. If the bid amount is unacceptable, the bidder's Earnest Money Deposit will be refunded.
 - c. If, during the review of the High Bidder, it is found that the High Bidder has made any misrepresentation or material omission(s) in the bidder's submission of documentation, the Earnest Money Deposit will be forfeited.
 - d. If the High Bidder is determined not to be qualified to purchase the Project **and** the High Bidder has complied with the requirements of this Invitation the Earnest Money Deposit will be refunded.
 - e. If the High Bidder has failed to comply with the provisions outlined in this Invitation, the Earnest Money Deposit will be forfeited.
5. **REVIEW OF PROJECT MANAGEMENT (Investors Only):** HUD will review the statements and Post-Bid Document Submittals to determine, in its sole discretion, if the proposed management entity has the necessary qualifications to operate, manage, and/or administer the type and nature of the project being offered for sale. HUD may elect to discuss Project management plans after submission of the Post-Bid Document Submittals by the Investor High Bidder. HUD reserves the right to reject the bid of any bidder and retain the Earnest Money Deposit, if the Investor High Bidder does not provide management acceptable to HUD.
6. **CLOSING DATE REQUIREMENT:** The date and place for Closing will be determined by HUD and occur within the time period specified in the Contract of Sale, (Attachment B).
7. **EXTENSION OF CLOSING:** The right to extend the Closing is expressly reserved by HUD as set forth in the

SECTION 5 – CLOSING

1. **EXECUTION OF DEED:** The Purchaser and HUD will execute the Deed at Closing. HUD will have the Deed and all attachments recorded.
2. **CASH DUE AT CLOSING:** Cash due at Closing is the bid price less the Earnest Money Deposit received, plus any outstanding encumbrance amount that survived the sale and/or any pro-rations (see Paragraph 3 below.) All initial deposits to escrows and/or reserve accounts, if applicable, must be made at Closing.
3. **PRORATIONS:**
 - a. Purchaser is responsible for paying all taxes, assessments, liens, and utility bills including but not limited to, water, sewer, gas and electric, and any other encumbrances not extinguished by the sale. These amounts will not be prorated.
 - b. If Extension Fees were paid, and the Closing occurs prior to the expiration of an Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period will be credited toward the amount due from Purchaser at Closing.
4. **CLOSING EXPENSES:** Irrespective of local custom, the Purchaser shall pay all Closing expenses, including, but not limited to, all documentary stamp taxes, and any costs in connection with a review of title or title insurance. The fees for the recordation of the HUD Deed will be paid by HUD.
5. **METHOD OF PAYMENT:** Cash Due at Closing shall be paid in the form of a money order, certified funds, or cashier's check made payable to:

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

6. **REPAIR ESCROW:** If Repairs are required as a condition of Closing Purchaser shall provide a Letter of Credit as assurance that the Repairs will be completed.
7. **CONVEYANCE:** Conveyance of the Project shall be by Special Warranty Deed ("Deed").
8. **RECORDATION OF DEED:** HUD shall record the Deed and all attachments.
9. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING:**
- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> Deed | <input checked="" type="checkbox"/> Letter of Credit | <input checked="" type="checkbox"/> Closing Statement |
|--|--|---|

SECTION 6 DISCLAIMERS

1. **DISCLAIMER:**
 - a. This is an "all-cash", "as-is" sale. As stated in paragraph 6 of Section 1, bidders interested in purchasing this Project are expected to perform due diligence to arrive at conclusions as to physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the Project. **Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation and in any Addendum hereof.**
 - b. While care has been exercised to assure accuracy, all information provided is solely for potential purchasers to determine whether or not the Project is of such type and general character as might interest them in its purchase. **HUD makes no warranty as to the accuracy of such information.** The failure of any bidder to inspect, or be fully informed as to the condition or value of the Project, or conditions of sale, will not constitute grounds for any claim, demand, adjustment or withdrawal of a bid.
2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS:** Any oral statement or representation by any representative of HUD changing or supplementing this Invitation, or any condition hereof, is unauthorized and shall confer no right upon the bidder (Purchaser).
3. **HUD LIABILITY:** HUD's liability shall not exceed the amount of such portion of the bid price that has been paid to HUD.

ATTACHMENTS

- ☒ **ATTACHMENT A:** Property at a Glance
- ☒ **ATTACHMENT B:** Contract of Sale

THESE FORMS ARE AVAILABLE AT

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms

OR USE THE URL PROVIDED BELOW TO OBTAIN THE FORM

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) http://portal.hud.gov/hudportal/documents/huddoc?id=2530.pdf
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://portal.hud.gov/hudportal/documents/huddoc?id=92417.pdf
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD-9832) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35584.pdf
<input checked="" type="checkbox"/>	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35589.pdf
OR <input checked="" type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9839-b.pdf (Investors Only: one of these forms, 9839A or B will be required for management certification. Not required for homebuyers).

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

USE RESTRICTIONS

20 years affordable housing restrictions if used as rental housing.

TERMS OF SALE

- This is an "All-Cash" – "As-Is" sale. HUD is not providing financing for this sale. Payment of the full bid price must be presented at Closing.
- No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. As provided for in 24 C.F.R. Part 27, the defaulting mortgagor, or any principal, successor, affiliate, or assignee on the mortgage at the time of default shall not be eligible to bid on or otherwise purchase this Project. ("principal" and "affiliate" are defined at [24 C.F.R. § 200.215](#).)
- Bids for this Project will only be considered for acceptance if properly submitted by following the bidding instructions which includes but is not limited to submitting the Earnest Money Deposit, forms and statements as required in the Invitation. Investor High Bidders will be reviewed to determine if High Bidder is qualified to purchase, own and manage the Project. A Homebuyer High Bidder will be reviewed for the financial capacity to purchase, repair, and maintain a single family residence.
- The Investor High Bidder must certify to HUD that any/all projects that are owned by the bidder or its affiliates and are located in the same jurisdiction (City or Town) where the Project is located are in substantial compliance with applicable state and local housing statutes, regulations, ordinances and codes. See Exhibit F, Certification of Substantial Compliance.
- High Bidder has the option to file the required Previous Participation Certification (Form HUD-2530) in electronic or paper format. **For questions concerning APPS contact the Multifamily Housing Systems Help Desk at 1-800-767-7588. For questions concerning Secure Systems contact the REAC Help Desk at 1-888-245-4860.**
- HUD is requiring the Property be repaired to meet state and local codes. Refer to Riders 3 and 5 of the Contract of Sale for more information.
- Closing is to be held sixty (60) calendar days after HUD notifies the High Bidder that they are qualified to purchase the Project being offered.
- If HUD approves an extension of the Closing, the Purchaser must pay a fee which is the greater of 1.5% of the bid price or HUD's holding costs of \$40.80 per calendar day for each thirty (30) calendar day period (\$1,224).
- The Deed will include the following Riders: Use Restrictions, Enforcement, Required Rehabilitation, Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders, Environmental Hazards, and Affordability of Units.

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

INFORMATION AND BID KIT

INFORMATION and BID KIT may be viewed or printed at

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/pd/mfplst.

You may also sign up for our electronic mailing list at

<http://www.hud.gov/subscribe/signup.cfm?listname=Multifamily%20Property%20Disposition&list=mfpd-l>. If you do not have access to the internet or cannot download a PDF file, you may contact the Realty Specialist identified below to obtain a copy of the bid kit.

Bids for Alhambra House:

MUST BE PRESENTED ON: September 17, 2014

At: 10:00am (local time)

Location of Sale:

U.S. Department of Housing and Urban Development

AT&T Building

611 West Sixth St, Suite 801

Los Angeles, CA 90071

HUD Office and Contact Information for submission of documents:

Fort Worth HUD Office

Property Disposition, Division 6AHMLAT

801 Cherry Street, Unit #45, Ste. 2500

Fort Worth, TX 76102

Realty Specialist: Joseph Cochran

Phone: (817) 978-5557

Fax: (817) 978-6018

Email: joseph.p.cochran@hud.gov

INSPECTION OF PROJECT

Open House: Date: September 4, 2014 Time: 8:00am to 12:00pm Contact: Realty Specialist above.

ATTACHMENT B

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROPERTY DISPOSITION PROGRAM

CONTRACT OF SALE CASH SALE

THIS CONTRACT OF SALE ("Contract") is made this ____ day of _____, 20____, by and between the SECRETARY OF HOUSING AND URBAN DEVELOPMENT, ("HUD"), and the _____ ("Grantee"), for the purchase and sale of Alhambra House, situated in the City of Rowland Heights, County of Los Angeles, State of California, and more particularly described in the attached Exhibit A entitled "Legal Description" (the "Property").

WITNESSETH THAT

1. **PURCHASE AND SALE** - In consideration of the covenants and agreements of the respective parties, as hereinafter set forth, Grantor agrees to sell and Grantee agrees to purchase all of Grantor's right, title and interest in and to the real estate; Alhambra House, FHA Number: 122-HD147, situated in the City of Rowland Heights, County of Los Angeles, State of California, and more particularly described in the attached Exhibit A entitled "Legal Description," together with all improvements thereon and appurtenances thereto and the articles of equipment and other personal property owned by Grantor and used in connection therewith, hereinafter referred to as the "Property".
2. **PURCHASE PRICE**
 - (a) The purchase price of the Property is \$ _____ (_____) to be paid at Closing.
 - (b) Upon the execution of this contract of sale, Grantee shall be required to pay an earnest money deposit in the amount of \$ **10,000**, in the form of a money order, cashier's or other bank check payable to "The Secretary of Housing and Urban Development." A financial organization submitting a bid on its own behalf must have the earnest money deposit drawn on a separate financial organization. Interest will not be paid on earnest money deposits.
 - (c) The balance of the purchase price, \$ _____, shall be paid at Closing by money order, certified, cashier's or other bank check acceptable to HUD.
3. **INSPECTIONS** - Allowing access to the property for home inspections or appraisals after HUD executes the Contract of Sale is at HUD's sole discretion. There is no option period that the any type of High Bidder may cancel this contract.
4. **AS-IS SALE; NO REPRESENTATIONS**
 - (a) Grantee shall accept the Property in "as is" condition. HUD makes no representations or warranties concerning the physical condition of, or access to the Property or with respect to any properties adjacent to the Property. Without limiting the foregoing, in addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Property. It is Grantee's responsibility to assess the actual condition of the Property.
 - (b) Grantee acknowledges that the Purchase Price set forth in Section 2 of this Contract is based on Grantee's valuation of the Property, including the Post Closing Required Repairs, and not upon any representation by HUD. Grantee's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Property, shall not affect the liabilities, obligations or duties of HUD or Grantee under this Contract, nor be a basis for termination of this Contract.
5. **POST CLOSING REQUIRED REPAIRS, REPAIR ESCROW:** Repair requirements that Grantee must complete after closing are included in the Required Rehabilitation and Environmental Hazards Riders. At Closing, Grantee must deliver to HUD a Letter of Credit in the amount of \$3,000 as assurance that the repairs required by HUD will be completed.

Post closing repair requirements must be completed timely at Grantee's expense and will be monitored by HUD, specifically the Property Disposition Division, pursuant to and as more particularly described in the Required Rehabilitation and Environmental Hazards Rider attached to this Contract. HUD will inspect the property to ensure these repairs are successfully completed and that the repairs meet all state, local codes, ordinances and laws as well as health and safety requirements. Grantee must submit quarterly reports to the Property Disposition Division until such time as all HUD required repairs are complete, inspected and accepted. The format for the report is included as Exhibit C to this Contract of Sale. All

information provided is solely for the purpose of permitting Grantee to determine whether or not the Property is of such type and general character as might interest them in its purchase. HUD makes no warranty as to the accuracy of such information. The failure of Grantee to inspect, or be fully informed as to the condition of all or any portion of the Property being offered, or condition of sale, will not constitute grounds for any claim, demand, and /or adjustment.

6. **CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION**

- (a) The Sale shall occur within sixty (60) days of Grantee approval by HUD.
- (b) Grantee shall pay all Closing costs and expenses irrespective of local custom.
- (c) Transfer of title to and possession of the Property, subject to the leases and tenancies herein referred, shall become effective as of Closing.

7. **PRORATIONS, SECURITY DEPOSITS, OPERATION OF THE PROPERTY:**

- (a) Prorations -
 - (i) There will be no prorations.
 - (ii) Insurance coverage carried by HUD, if any, shall be canceled as of 11:59 p.m. the day of the Closing.
 - (iii) Subsections (i) through (ii) shall remain in effect after the Closing, where applicable.
- (b) Security Deposits - Any security deposits collected from tenants and paid over or credited to HUD prior to the Closing shall be transferred and assigned to Grantee fifteen (15) days after the closing, with the exception of security deposits which have been forfeited by the tenant in accordance with the terms of the tenant's lease. Notwithstanding state or local law, no other security deposits collected from tenants will be transferred by HUD to Grantee and HUD has no other liability with respect to security deposits. Grantee agrees to assume all responsibility and liability under state and local law with respect to the collection, application and return of security deposits.
- (c) Operation of the Property - From the date of HUD's execution of this Contract until Closing, HUD shall continue to operate and maintain the Property so that the Property will, except for normal wear and tear, be in substantially the same condition at Closing as on the date hereof. HUD may discard any worn out or useless items, but shall not otherwise remove from the Property any item or article except as may be necessary for repair.

8. **FORM OF CONVEYANCE, INSPECTION, OBJECTIONS TO TITLE AND RIGHTS OF RESCISSION:**

- (a) Title to the Property shall be conveyed to the Grantee by Deed, without warranties or covenants of title.
- (b) At closing, HUD shall deliver to Grantee a duly executed Deed conveying HUD's right, title and interest in the Property which Grantee immediately will present for recordation in the appropriate recorder's office. A copy of which will be provided to HUD.

9. **RISK OF LOSS AND RIGHTS OF RESCISSION:**

- (a) In the event of substantial damage to the Property by any cause (including, but not limited to fire, flood, earthquake, tornado and vandalism) other than damage caused by willful acts of Grantee, Grantee may (1) continue with the Sale and receive the insurance proceeds available to compensate for such damage, if any, or (2) rescind this Contract by providing notice to HUD of such rescission within three (3) business days after discovering such damage. The sending of the notice shall release HUD from any and all claims by Grantee under this Contract.
- (b) If the Property is damaged and Grantee elects to continue with the Sale, HUD will prepare a Form HUD-9552 and include it in the rehabilitation requirements provided for in the Riders entitled "Required Rehabilitation and Environmental Hazards."
- (c) If HUD and Grantee cannot agree on the estimated cost of restoration of the Property because of such damage, or if HUD fails to negotiate an estimated cost of restoration of the Property because of such damage, Grantee may rescind this Contract.

10. **LEAD-BASED PAINT RISK ASSESSMENT:**

- (a) Attached to this Contract as Exhibit I is an EPA-approved lead hazard information pamphlet.
- (b) Attached to this Contract as Exhibit I-1 is the Lead Warning Statement, Disclosure and Acknowledgement of Disclosure ("LBP Disclosure") required under applicable statutory and regulatory provisions. The signature of Grantee on the LBP Disclosure evidences that Grantee has (i) read the Lead Warning Statement and understands its contents, (ii) received the lead hazard information pamphlet, and waives the opportunity to conduct a risk assessment or inspection as provided in the applicable statute and/or regulation.

- (c) Grantee assumes any and all responsibilities with respect to lead-based paint and/or lead-based paint hazards, if any are present, in accordance with the Environmental Hazards rider attached to this Contract
11. **TIME IS OF THE ESSENCE:** Time is of the essence in the performance of this Contract. The Sale shall be closed at HUD's offices, or at such other place as may be agreed on by the parties in writing.
12. **EXTENSIONS** – Extensions of time to close the sale are within Grantor's sole and absolute discretion. Any extensions, if granted, will be on the following conditions:
- (a) A written request for an extension must be received by Grantor's office located at: Department of Housing and Urban Development, 801 Cherry Street, Ft. Worth, TX 76102, within ten (10) days prior to the prescribed closing date, or within any extension period and **must be accompanied by the payment** of the required extension fee. The request must state the reason for Grantee's inability to close the sale within the initial period or any extended period.
 - (b) Extensions shall be for thirty (30) days.
 - (c) For each thirty (30) day period requested by Grantee and approved by Grantor, extension fees shall be equal to \$ 1,224 or one and one-half percent (1.5%) of the purchase price, whichever is greater.
 - (d) These fees shall be retained by Grantor and shall not be credited to the amount due from Grantee at Closing. However, if Grantee closes prior to the expiration of an extension period, the prorated amount of the extension fee, for the unused portion of the extension period, shall be credited toward the amount due from Grantee at Closing.
 - (e) The granting of one or more extensions shall not obligate Grantor to grant additional extensions.
 - (f) If any form or instrument required by Grantor is not submitted within sufficient and reasonable time for Grantor's review or processing and such delay necessitates an extension of the Closing deadline, an extension fee must be paid for this period.
 - (g) Extension Fees must be submitted by money order, certified, cashier's or other bank check acceptable to Grantor.
13. **GRANTEE RESTRICTIONS:**
- (a) No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this Contract, or to any benefit arising from it. However, this provision does not apply to this Contract to the extent that this Contract is made with a corporation for the corporation's general benefit.
 - (b) If Grantee is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to closing, this Contract shall be terminated.
 - (c) Pursuant to 24 CFR 27.20(f), the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the mortgage on the property at the time of default resulting in acquisition of the property by HUD shall not be eligible to purchase. A "principal" and an "affiliate" are defined as provided at 24 CFR 200.215.
14. **CONTRACT BINDING, RESTRICTIONS ON ASSIGNMENT OF CONTRACT:**
- (a) This Contract shall be binding upon Grantee, its respective heirs, executors, administrators, successors, successors in interest, and assigns.
 - (b) Notwithstanding the foregoing, neither this Contract nor any rights hereunder may be assigned without HUD's written consent. Without limiting the prohibition of assignment, for the purposes of this Contract, including the Riders, the term Grantee shall be deemed to include a permitted assignee and all subsequent grantee(s).
15. **LIMITATION OF LIABILITY:** Notwithstanding any other provisions of this Contract to the contrary, HUD's liability under this Contract and/or any and all matters related thereto shall not exceed the amount of funds paid by Grantee to HUD hereunder.
16. **FORMS:** All forms and instruments referred to in this Contract shall be the standard HUD forms and instruments prepared by HUD and used by HUD in the jurisdiction in which the Property is located and shall contain such additional covenants and conditions required by this Contract.
17. **ACKNOWLEDGMENT OF TERMS AND CONDITIONS OF SALE:** Grantee affirms that it has full knowledge of the terms, conditions, and requirements contained in this Contract and the Invitation.
18. **COMPLETE AGREEMENT:** This Contract supersedes all prior agreements and understandings related to the subject matter hereof, and may be changed, waived, discharged, or terminated only by a written

document signed by the party against whom such change, waiver, discharge or termination is sought, except as otherwise provided herein.

19. **GENDER AND NUMBER:** Whenever the sense of this Contract so requires, the use of (1) the singular shall be deemed to include the plural, (2) the masculine gender shall be deemed to include the feminine or neuter gender, and (3) the neuter gender shall be deemed to include the masculine or feminine gender.
20. **SEVERABILITY:** If for any reason one or more of the provisions contained in this Contract shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Contract, but this Contract shall be construed as if such invalid, illegal or unenforceable provision never had been included in this Contract.
21. **NOTICE:** Any notice, request, information or other document to be given hereunder to any of the parties by any other party, shall be in writing and delivered personally or sent by an overnight or express mail service, with a return receipt, postage prepaid to the person and address set forth below. Any party may change the person or address to which notices are to be sent by giving written notice of such change to the other party in the manner herein provided for giving notice. The person, address and telephone number for the Department of Housing and Urban Development is:

U.S. Department of Housing and Urban Development
Scott R. Bearden, Director, Property Disposition Division
801 Cherry Street, Unit #45, Suite 2500
Fort Worth, Texas 76102
Phone: 817-978-5804

The person, address and telephone number for the Grantee are:

22. **EXHIBITS** - All exhibits described herein and attached hereto are fully incorporated into this Contract by this reference:
EXHIBIT A: Legal description to the property
EXHIBIT B: Reserved
EXHIBIT C: Repair report, inspection request
EXHIBIT D: Sample Letter of Credit, Sample Site Draft
EXHIBIT E: Reserved
EXHIBIT F: Certification of Substantial Compliance
EXHIBIT H: Reserved
EXHIBIT I: EPA-approved lead hazard information pamphlet.
EXHIBIT I-1: Lead Warning Statement, Disclosure and Acknowledgement of Disclosure
EXHIBIT K: 24 CFR Part 5 (§ 5.703) Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).
EXHIBIT L: Owner Occupant Certification
23. **PARAGRAPH HEADINGS** - The paragraph headings contained in this Contract are for convenience only and shall in no way enlarge or limit the scope of the paragraphs hereof.
24. **OTHER PROVISIONS**
- (a) When the consent or approval of either party is required under the terms of this Contract, such consent or approval must be in writing.
 - (b) Grantee agrees that any restrictions to be placed in the Deed referred to in this Contract will run with the land.
 - (c) Whenever a number of days is referred to in this Contract, days shall mean calendar days. If any period of time expires on a non-Federal business day, Grantee or HUD shall have until the close of business of the next Federal business day to take whatever action is to be taken within the time period.
25. **RIDERS TO THIS CONTRACT:** The Riders checked and initialed by the parties are attached to and incorporated into this Contract and will be placed in the Deed to run with the land.
- Use Restrictions
 - Enforcement
 - Required Rehabilitation

- Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders
- Environmental Hazards
- Affordability of Units

26. **CERTIFICATION OF SUBSTANTIAL COMPLIANCE (Exhibit F, For Investors Only):** Grantee must also provide Certification to HUD that any other projects that are owned by Grantee or its affiliates and are located in the same jurisdiction as the Property are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes. HUD may, in its discretion, verify the accuracy of such certification and request supporting documentation from the Grantee. If HUD determines in its sole discretion that such other projects are not in substantial compliance, HUD will have the right to refuse to sell the Property to the Grantee.
27. **OWNER OCCUPANT CERTIFICATION (Exhibit L, for Homebuyers Only):** Grantee must provide Certification to HUD that the Grantee intends to occupy the property as its primary residence for at least 12 months.

IN WITNESS WHEREOF:

The Grantee has executed this Contract in triplicate the _____ day of _____, 20_____.

WITNESS:

_____	_____
	Grantee
_____	BY: _____
	Signature

	Typed Name of Signatory

	Title of Signatory

	Address

	Telephone

SIGNATURES CONTINUE ON NEXT PAGE

HUD has executed this Contract in triplicate this _____ day of _____.

(This line to be executed by HUD)

WITNESS:

SECRETARY OF HOUSING AND URBAN DEVELOPMENT

BY: _____

Scott R. Bearden, Director

Property Disposition Division

EXHIBIT A

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Los Angeles, and is described as follows:

That portion of Lot 6 of Grazide Tract, in the County of Los Angeles, State of California, as shown on a map recorded in Book 14 Pages 158 and 159 of Maps, in the office of the County Recorder of said County, described as follows:

Beginning at the most Westerly corner of said Lot 6; hence along the Northwesterly line of said Lot as follows; North 25° 35' East 250.17 feet; thence North 52° 41' East 1103.19 feet and North 18° 37' 30" East 725.74 feet to a point distant thereon North 18° 37' 30" East 31.03 feet from the Southwest corner of the land conveyed to Anna Grazide Alvarado by deed recorded in Book 6471 Page 65 of Deeds, records of said County; thence South 86° 10' East parallel with the Southerly line of said last mentioned land 1340.82 feet to the true point of beginning; thence continuing South 86° 10' East 75.00 feet; thence North 3° 49' East 150.07 feet; thence North 86° 10' West 20 feet ` thence North 3° 49' East 42.93 feet; thence North 86° 10' West 55 feet; thence South 3° 49' West 193 feet to the true point of beginning.

ALSO Except therefrom the "Precious metals and Ores Thereof" as excepted from the partition between John Rowland, Sr. and William Workman, in the partition deed recorded in Book 10 Page 39 of Deeds.

(LEGAL DESCRIPTION IS FURNISHED AS INFORMATION ONLY. INTERESTED PARTIES MUST DETERMINE LEGAL DESCRIPTIONS THROUGH THEIR OWN DUE DILIGENCE.)

USE RESTRICTIONS

The Deed shall contain the following provision:

Pursuant to 12 U.S.C. Section 1715z-11a, the Secretary has the authority to impose certain use restrictions, as set forth in this Deed.

1. RESTRICTED PERIOD: These provisions shall be in effect for ("Restricted Period") :
 - a. twenty (20) years from the date of this Deed; or
 - b. will terminate when all of the following occur:
 - i. the requirements in Rider 3 of 6, Required Rehabilitation, and Rider 5 of 6, Environmental Hazards, have been completed and approved by HUD;
 - ii. an Owner-Occupant is approved by HUD to purchase the property; and
 - iii. the Owner-Occupant submits the Owner Occupant Certification (Exhibit L).
 - c. Notwithstanding paragraph b., Rider 5 of 6 Environmental Rider will not terminate unless all Lead-Based Paint and Asbestos is removed and the property is free from harmful levels of Radon.
2. APPLICATION OF RESTRICTIONS: Requirements 4 through 10 do not apply to HUD approved Owner-Occupants.
3. CONVEYANCE OF PROPERTY: Any Conveyance of the Project must have the prior written approval of HUD, or such Conveyance will be deemed to be null and void, and a default will exist under this Deed. Conveyance is defined as any sale, assignment, transfer, creation of a leasehold estate in excess of one (1) year, or any other legal or equitable conveyance or transfer of the Project or an interest therein, or any legal or equitable transfer of an interest in the Grantee or any entities that may comprise the Grantee. Without limiting the foregoing and not intending to be all inclusive, a merger, conversion, share exchange, or exchange of corporate or partnership interests is also considered a Conveyance, which requires the prior written approval from HUD.

The preceding provisions shall be applicable and in full force and effect notwithstanding that any applicable statutory law or case decision provides that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction or other type of Conveyance does not constitute or involve the occurrence of a "transfer" or "assignment" of the Project, any of the assets related thereto, or an interest in the Grantee.

If proposed purchaser is an Owner Occupant, any request for HUD's approval of Conveyance must include Previous Participation Certification (Form HUD-2530) and an Owner Occupant Certification.

If proposed purchaser is an Investor, any request for HUD's approval of Conveyance must include Previous Participation Certification (Form HUD-2530) by the proposed Purchaser (entity and all principals), a completed Certification of Substantial Compliance , a signed Agreement to Abide by Deed Restrictions and a written statement of how the Purchaser, or any subsequent Purchaser, in consideration of any and all existing use restrictions, will:

- a. Implement and/or continue to comply with all existing use restrictions;
- b. implement sound financial and physical management program;
- c. respond to the needs of the residents and work cooperatively with resident organizations;
- d. provide adequate organizational staff and resources to manage the Project; and
- e. provide evidence of a minimum of five (5) years' substantive experience owning and managing subsidized multifamily properties with project-based Section 8 assistance.

HUD's approval of a Conveyance will be based on information provided in written statements and Previous Participation Certification approval (clearance). The approval of a Conveyance is within the sole discretion of HUD.

4. CONDITION OF UNITS: The Grantee shall comply with:
 - (a) the Physical Condition Standards and inspection requirements of 24 C.F.R. Part 5, Subpart G,

- (b) the Physical Condition Standards of Multifamily Property of 24 C.F.R. Part 200, Subpart P, and
- (c) 24 C.F.R. 5.703 requiring that the Property be maintained in decent, safe and sanitary condition to the greatest extent possible and free from health and safety hazards.

These requirements include any changes in the preceding regulations and related Directives.

- 5. RENTAL RATES: The rent rates and tenant eligibility will be controlled by the Affordability of Units provision, Rider 6 of 6.
- 6. PROJECT MANAGEMENT: HUD reserves the right to approve management for the Project during the Restricted Period. Any change in management of the Project must have HUD's prior written approval. Any request for HUD's review and approval of the proposed Grantee's management of the Project must include the following documents/forms:
 - Previous Participation Certification: (Form HUD-2530) for the management entity and all principals.
 - Statement of Experience: Any proposed property manager must provide a written statement of experience which demonstrates a minimum of five (5) years substantive experience managing multifamily properties of similar size and complexity. If the Project has project-based Section 8 assistance, any proposed property manager must demonstrate a minimum of five (5) years' experience managing multifamily properties with project-based Section 8 assistance.
 - Management Entity Profile (Form HUD-9832),
 - Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A) or
 - Project Owner's/Management Agents Certification for Multifamily Housing Projects for Identity-of-Interest (Form HUD-9839B).(Only one of the management forms 9839 A or B will be required for management certification.)

HUD's approval of Property Management will be based on information provided in written statements, Previous Participation Certification approval (clearance), Management Entity Profile and the management forms 9839 either A or B. The approval of Property Management is within the sole discretion of HUD.

- 7. SUBJECT TO EXAMINATION:
 - (a) Annual Financial Statements: Grantee shall provide annual financial statements to HUD as required by 24 C.F.R. parts 5 and 200, and
 - (b) Inspections: The Property shall be subjected to periodic HUD inspections or inspections under REAC protocol, 24 C.F.R. parts 5 and 200.
- 8. UNIT NUMBER OR USE CHANGE: Grantee must request approval from HUD for any change to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility.
- 9. NON-DISCRIMINATION REQUIREMENTS: The Grantee shall comply with the provisions of all federal, state, or local laws prohibiting discrimination in housing.
- 10. HAZARD INSURANCE: Hazard insurance shall be maintained in a sufficient amount to fully restore the Property to meet the housing requirements described in this Deed.
- 11. REMEDIES FOR NONCOMPLIANCE: Upon any violation of any provision of this Deed by the Grantee, HUD may give written notice thereof to the Grantee by registered or certified mail, to the address provided by HUD, or such other address as subsequently, upon appropriate written notice thereof to the HUD may be designated by the Grantee as its legal business address. If such violation is not corrected to the satisfaction of the HUD within thirty (30) days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Deed and may apply to any court, State or Federal, for specific performance of this Deed, for an injunction against any violation of this Deed, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Deed, and/or such other relief as may be appropriate, since the injury to the HUD arising from a default of the terms of the Deed would be irreparable and the amount of damage would be difficult to ascertain. The availability of any remedy under the Deed shall not preclude the exercise of any other remedy available under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not be construed as a waiver of the right to exercise that or any other right or remedy at any time.

12. SUCCESSORS AND ASSIGNS – All the restrictions in this Deed run with the land and are binding upon the Grantee's heirs, successors and assigns. If HUD approves a Conveyance during the Restricted Period, it may be conditioned upon, among other things, the assumption of Grantee's obligations under this Deed.
13. SEPARABILITY - The invalidity of any provision of this Deed shall not affect the validity of the remaining provisions hereof.
14. AMENDMENT – This Deed may be amended by the mutual written consent of the parties, except those restrictions required by statute.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Contract of Sale.

Grantee_____

HUD_____

RIDER 2 OF 6
ENFORCEMENT

The Deed shall contain the following provision:

1. The restrictive covenants set forth in this Deed shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the HUD and any/all successors in office.
2. Without limiting any other rights and remedies available to HUD, the HUD shall be entitled to:
 - a. institute legal action to enforce performance and observance of these covenants,
 - b. enjoin any acts which violate these covenants,
 - c. exercise any other legal or equitable right or remedy with respect to these covenants.
3. In addition, the restrictive covenants, if any, set forth in this Deed relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Contract of Sale.

Grantee_____

HUD_____

RIDER 3 OF 6
REQUIRED REHABILITATION

The Deed shall contain the following provision:

1. **REPAIRS:** All property and property improvements must meet or surpass, at a minimum, all state and local codes and ordinances, Physical Condition Standards (pursuant to 24CFR Part 5), the General Repair and Property Standards (listed below), and Rider 5 of 5, Environmental Hazards (collectively the "Repairs").
 - a. **General Repair and Property Standards**
 - i. **Exterior:**
 - Any trip hazards (deviations of ½ in or greater) on all surfaces of the property must be mitigated.
 - Repair and/or replace any loose, damaged or deteriorated facade, trim, posts, and cornice.
 - All exterior paint must be fully intact, mold and rust free.
 - All drainage, water diversion, roofing, and water proofing systems must be performing as originally intended to ensure positive drainage and minimize pooling.
 - All windows and exterior doors must be operable, lockable, draft free and water tight.
 - ii. **Interior/MEPs:**
 - All mechanical, plumbing, plumbing fixtures, electrical fixtures, electrical devices, appliances and HVAC must be in "Good" operating condition and hazard free.
 - All fire protection devices and systems must be working as originally intended.
 - All ventilation systems must be working as originally intended.
 - All interior painted surfaces and millwork must be fully intact, free of excessive grease and dirt.
 - All floor coverings must be fully attached, free of holes, chips, frays and excessive dirt.
 - All interior doors, locks, closures and stops must be operating as originally intended.
 - iii. **Workmanship and Materials:**
 - All work shall be performed in a workmanlike manner and in accordance with generally accepted practices and procedures.
 - Materials installed shall be of such kind and quality to ensure that the dwelling will provide acceptable durability for the duration of the Restricted Period.
 - All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of all state codes, local codes, laws, ordinances, regulations, Physical Conditions Standards pursuant to 24 CFR Part 5.
 - All long and short lived building components must be performing as originally designed or intended.
 - b. All Repairs, required by this provision, will not be considered complete until such time as HUD or its designee has inspected the Repairs and HUD has accepted the Repairs.
2. **REPAIR PERIOD:** The Repair Period begins at closing and expires **twelve (12) months** from the date of the Deed. The Grantee covenants that the Repairs will be completed within the Repair Period.
3. **EXTENSION OF THE REPAIR PERIOD:** If the Grantee cannot complete the Repairs within the Repair Period, Grantee shall submit a written request for an extension to HUD stating the reason(s) for Grantee's inability to complete the Repairs. Grantee's request must be received not less than thirty (30) calendar days prior to the expiration of the Repair Period.
 - a. In the event an extension for completion of Repairs is granted, the Grantee shall extend the expiration of the LOCs;
 - b. Extensions of time to complete Repairs are within HUD's sole and absolute discretion; and
 - c. The granting of one or more extensions shall not obligate HUD to grant additional extensions.
4. **REPAIR ESCROW:** To ensure completion of the Repairs by the Grantee, at Closing the Grantee shall deliver to HUD an unconditional, irrevocable and non-documentary Letter of Credit (LOC).
 - a. which totals **\$3,000**; and
 - b.. which shall remain in effect and may be drawn by HUD for at least eighteen (18) months, six (6) months beyond the repair period as stated above.
 - c.. LOCs may be returned or amended as the Grantee completes Repairs and HUD has inspected and accepted the Repairs.

5. **REPORTING:** HUD will monitor the progress of the Repairs using reports from the Grantee and inspections performed by HUD or a designee.
- a. Quarterly Reports: Grantee must submit quarterly reports (Post-Closing Repair Report, Exhibit C) to HUD on the status of Repairs. The first report is due 90 days after closing and must include:
- i. the number and type of units completed,
 - ii. a list of major Repairs and percentage completed,
 - iii. a narrative describing:
 - (a) the status of the planned rehabilitation, i.e. are Repairs ahead of, on schedule, or behind on the original rehabilitation schedule.
 - (b) any special circumstances which may or have delayed the Repairs.
- b. Additional Reports: Upon request, Grantee must submit reports, in addition to the Quarterly Reports, to HUD. The frequency and content of these reports will be provided to the Grantee by HUD. HUD may perform periodic inspections to ascertain the status of the Repairs. If, at any time, HUD determines the Grantee is failing to make adequate progress toward completion of the required Repairs or that the Repairs completed are not acceptable to HUD, Grantee may be required to provide a plan with milestones to show that acceptable Repairs can be completed within the Repair Period. Failure to meet milestones without adequate justification is a reason for Noncompliance as explained below.
6. **RENTS:** The Grantee covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the requirements set forth in paragraph 1, above. Rents for units to be covered by a Housing Assistance Payment Contract may be increased only pursuant to and following execution of such Contract.
7. **NONCOMPLIANCE:** If Grantee fails to complete the required Repairs within the Repair Period and no extension by written agreement has been granted by HUD, HUD and any/all successors in office, in its sole discretion, shall be entitled to:
- a. Enter and terminate the estate hereby conveyed, or
 - b. Cash any LOC and seek remedies provided in the Enforcement provision of this Deed, as HUD deems appropriate.

If HUD cashes the Grantee's LOC(s), HUD will NOT apply the funds to complete the Repairs. HUD will retain the funds as liquidated damages or for any other purposes as HUD deems appropriate. In the event that HUD cashes the Grantee's LOC(s) for failure to successfully complete the Repairs, the Grantee is still responsible for completion of the Repairs in order to prevent HUD from initiating further sanctions. These rights and remedies may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Deed.

8. **LENDER OR SECURITY INTEREST:** If the Grantee fails to repair the Property in accordance with this Deed, HUD will not exercise the remedies as described in paragraph 7 above, if any lender holding a lien or security interest on the Property:
- a. Gives written notice to HUD within the period provided for Repairs, that it intends to complete the Repairs, and
 - b. Completes such Repairs within thirty (30) calendar days of the notice or within such longer periods as HUD may approve in writing.
- However, HUD is under no obligation to notify any lender or security interest of its intent to cash any LOCs.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Contract of Sale.

Grantee_____

HUD_____

NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS

The Deed shall contain the following provision:

1. If used as rental housing: In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Grantee, for self, successors and assigns, shall not unreasonably refuse to lease a dwelling unit offered for rent, refuse to offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation hereinafter referred to as "Section 8". This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the area as determined by HUD.
2. This restriction shall bind the Grantee, any/all successors, assigns and Grantees for value, for a period equal to the Restricted Period, which is twenty (20) years from the date of this Deed. In the event of a breach or a threatened breach of this covenant, HUD, any/all successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are in violation of such covenant. For the purposes of this restriction, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Contract of Sale.

Grantee_____

HUD_____

RIDER 5 OF 6
ENVIRONMENTAL HAZARDS

The Deed shall contain the following provision:

Grantee covenants to:

1. Investigate and test the Property for substances, chemicals and waste (collectively "Hazardous Substances") and perform cleanup, remedial, removal or restoration work required by any governmental authority ("Inspect and Remediate Requirements").
2. Certify to HUD (in a form acceptable to HUD) that the Inspect and Remediate Requirements have been performed in accordance with this provision.
3. Indemnify, defend, and hold HUD harmless from any liability arising from Grantee's failure to satisfactorily perform the Inspect and Remediate Requirements. Grantee acknowledges that HUD's acceptance of the work is not a warranty that all Hazardous Substances have been eliminated from the Property and does not relieve Grantee of its ongoing responsibility to comply with appropriate governmental authorities.

Grantee shall comply with Inspect and Remediate Requirements checked and any additional Hazardous Substances it becomes aware of concerning:

- ☒ ASBESTOS: 29 CFR 1926 and any subsequent regulations(s) including, but not limited to, all federal, state and local laws regarding detection, abatement, containment and removal of asbestos containing materials.
- ☒ LEAD-BASED PAINT: 42 USC 4821-4886 and the regulations thereunder, 24 CFR Part 35. Grantee shall inspect, test and abate any lead-based paint. Grantee shall comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgment of Disclosure" of 24 CFR, *Lead Based Paint Poisoning Prevention in Certain Residential Structures*.
- ☒ RADON: All federal, state and local laws, and EPA guidelines regarding detection and abatement of radon.
- ☐ MOLD: All federal, state and local laws, and EPA guidelines regarding detection and abatement of mold.
- ☐ TOXIC AND HAZARDOUS SUBSTANCES: 29 CFR 1926 subpart Z (where a list of applicable substances can be found).

Operations and Maintenance Plan (Investors Only):

1. Grantee shall develop and maintain on the site at all times an Operations and Maintenance Plan (O&M Plan) that complies with EPA guidelines for Operations and Maintenance Programs. The O&M Plan shall:
 - a. identify areas where Hazards exist;
 - b. establish guidelines for maintenance work and repairs and employee training;
 - c. establish tenant notification systems; and
 - d. monitoring, job-site controls, work practices, record keeping, and worker protection.
2. Grantee shall submit a copy of the O&M Plan for HUD review and approval within thirty (30) calendar days after the date of this Deed.

Remedies:

1. If Grantee fails to comply with this provision, HUD may exercise one or more of the remedies listed below:
 - a. Enter and terminate the estate hereby conveyed,
 - b. Cash Grantee's LOC(s),
2. If HUD cashes the Grantee's LOC(s) as a remedy for the Grantee's default under this provision, HUD may apply the funds to perform the Inspect and Remediate Requirements, retain the funds as liquidated damages, or for such other project purposes as HUD deems appropriate.
3. HUD shall not exercise its available remedies if any lender holding a lien or security interest on the Property:
 - a. Gives written notice to HUD within the period provided for repairs, that it intends to complete the Inspect and Remediate Requirements, and
 - b. Completes the Inspect and Remediate Requirements within thirty (30) calendar days of the notice or within such extended period that HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Contract of Sale.

Grantee_____

HUD_____

RIDER 6 OF 6
AFFORDABILITY OF UNITS
(Applies to Rental Housing)

The Deed shall contain the following provision:

Use Restriction

1. The Grantee (Owner) shall maintain the property as affordable rental housing for a period of twenty (20) years after the date of this Deed or such earlier time as HUD may specify in writing ("Restricted Period").
2. Grantee shall submit a written request to HUD for any change to the number or configuration of residential units required to be maintained, as affordable rental housing.
3. The Grantee (Owner) shall not unreasonably refuse to lease units to, or otherwise discriminate against, very low-income families.

Income Eligibility Requirement

The Grantee (Owner) shall affirmatively market 1 dwelling unit to families with adjusted gross annual income that does not exceed one hundred twenty percent (120 %) of the area median income, adjusted for family size.

Affordability

Maintenance of Rents at Affordable Levels

For new, or turnover tenants, affordable means the least of:

1. for 1 dwelling units the unit rent does not exceed thirty percent (30%) of one hundred twenty percent (120%) of the area median income (not necessarily the income of the family), as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; or
2. the Section 8 Voucher Payment Standard, less the utility allowance established by the voucher provider; or
3. Market Rent in the immediate area established by a rent comparability study prepared, at the Grantee's (Owner's) expense, in accordance with HUD requirements.

Annual certification

The Grantee (Owner) shall certify to HUD annually, in a manner acceptable to HUD, that the requirements in the above paragraphs have been fulfilled.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Contract of Sale.

Grantee_____

HUD_____

Exhibit C

(Required from all Purchasers/ High Bidders)

Post Closing Repair Report

Property:	Alhambra House	Repair Expenditures to Date: \$
Address:	18345 Aguiro St. Rowland Heights, CA 91748	Date Repairs Began:

Number of HAP Units:

Number of HAP Units repaired/meeting PCS:

Number of Units:

Number of Units repaired/meeting PCS:

List major repairs as required by Form HUD-9552 and provide status of those repairs:

Major Repair (EX: replace roofs for 5 buildings)	Work Completed (EX: roofs replaced for 3 buildings: 60%)

Provide narrative describing any special circumstances beyond your control which may, or have delayed the repairs:

Provide narrative describing the status of the planned rehabilitation. Your narrative should include whether you are ahead of, on schedule, or behind on your original rehabilitation schedule:

Date of Report:

Report completed by: _____ Title _____

Please fax a completed version of this report to the Property Disposition Construction Analyst, at (817) 978-6018. Reports are due quarterly and to be continued until the repairs are complete.

Attachments:

1. Attach a minimum of 4 photographs depicting repaired conditions.
2. Attach additional pages as necessary to provide a thorough explanation of status of repairs.

Exhibit D
(Required from all Purchasers/High Bidders)
LETTER OF CREDIT (LOC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO. _____
_____, 20____

U.S. Department of Housing and Urban Development
801 Cherry Street, Unit #45, Ste. 2500
Ft. Worth, TX 76102

Attention: **Mr. Jack Stark**
6AC – 28th Floor

Dear Sir:

For the account of _____
(name of account party/customer)
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S. \$ _____,
effective immediately and expiring on _____, 20____.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

(bank's address)

This Credit is governed by the laws of _____.

Sincerely,

(Issuing Bank)

By: _____

SAMPLE SIGHT DRAFT

(HUD LETTERHEAD)

(Name and address of bank) _____

(City, State)
_____, 20____

Pay to the order of the U.S. Department of Housing and Urban Development the sum of
\$_____. This draft is drawn under your Irrevocable Letter of
Credit NO. _____.

U.S. Department of Housing and Urban Development

By: _____

Exhibit F
(Required from Investor High Bidders only)

Certification of Substantial Compliance

TO: The United States Department of Housing and Urban Development

FROM: _____

I Certify to HUD that any and all project(s) that are owned by _____, or its affiliates, and located in _____ (City or Town where project being purchased is located) is/are in substantial compliance with applicable state and/or local housing statutes, regulations, ordinances and codes and are listed on Schedule A attached hereto.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

By: _____
Grantee Name

Title

Address

Telephone Number

Date

STATE OF: _____)
COUNTY OF: _____)
Came before me this _____ day of _____, 20____. **Notary Seal**

Schedule A: All projects owned by _____ or affiliates.

List each project name	List name of principal or affiliate with ownership of project.	List project address

Simple Steps To Protect Your Family From Lead Hazards

If you think your home has high levels of lead:

- ◆ Get your young children tested for lead, even if they seem healthy.
- ◆ Wash children's hands, bottles, pacifiers, and toys often.
- ◆ Make sure children eat healthy, low-fat foods.
- ◆ Get your home checked for lead hazards.
- ◆ Regularly clean floors, window sills, and other surfaces.
- ◆ Wipe soil off shoes before entering house.
- ◆ Talk to your landlord about fixing surfaces with peeling or chipping paint.
- ◆ Take precautions to avoid exposure to lead dust when remodeling or renovating (call 1-800-424-LEAD for guidelines).
- ◆ Don't use a belt-sander, propane torch, high temperature heat gun, scraper, or sandpaper on painted surfaces that may contain lead.
- ◆ Don't try to remove lead-based paint yourself.



Recycled/Recyclable
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(minimum 50% postconsumer) process chlorine free.



Protect Your Family From Lead In Your Home



United States
Environmental
Protection Agency



United States
Consumer Product
Safety Commission



United States
Department of Housing
and Urban Development

Are You Planning To Buy, Rent, or Renovate a Home Built Before 1978?

Many houses and apartments built before 1978 have paint that contains high levels of lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly.



OWNERS, BUYERS, and RENTERS are encouraged to check for lead (see page 6) before renting, buying or renovating pre-1978 housing.

Federal law requires that individuals receive certain information before renting, buying, or renovating pre-1978 housing:



LANDLORDS have to disclose known information on lead-based paint and lead-based paint hazards before leases take effect. Leases must include a disclosure about lead-based paint.



SELLERS have to disclose known information on lead-based paint and lead-based paint hazards before selling a house. Sales contracts must include a disclosure about lead-based paint. Buyers have up to 10 days to check for lead.



RENOVATORS disturbing more than 2 square feet of painted surfaces have to give you this pamphlet before starting work.

IMPORTANT!

Lead From Paint, Dust, and Soil Can Be Dangerous If Not Managed Properly

- FACT:** Lead exposure can harm young children and babies even before they are born.
- FACT:** Even children who seem healthy can have high levels of lead in their bodies.
- FACT:** People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips containing lead.
- FACT:** People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.
- FACT:** Removing lead-based paint improperly can increase the danger to your family.

If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.

Lead Gets in the Body in Many Ways

Childhood lead poisoning remains a major environmental health problem in the U.S.

People can get lead in their body if they:

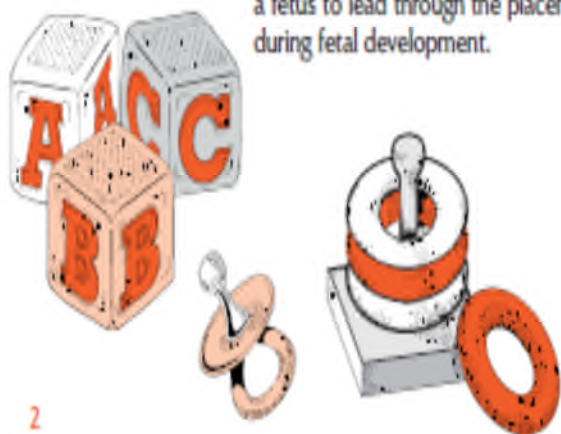
- ◆ Breathe in lead dust (especially during renovations that disturb painted surfaces).
- ◆ Put their hands or other objects covered with lead dust in their mouths.
- ◆ Eat paint chips or soil that contains lead.

Lead is even more dangerous to children under the age of 6:

- ◆ At this age children's brains and nervous systems are more sensitive to the damaging effects of lead.
- ◆ Children's growing bodies absorb more lead.
- ◆ Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.

Lead is also dangerous to women of childbearing age:

- ◆ Women with a high lead level in their system prior to pregnancy would expose a fetus to lead through the placenta during fetal development.



Lead's Effects

It is important to know that even exposure to low levels of lead can severely harm children.

In children, lead can cause:

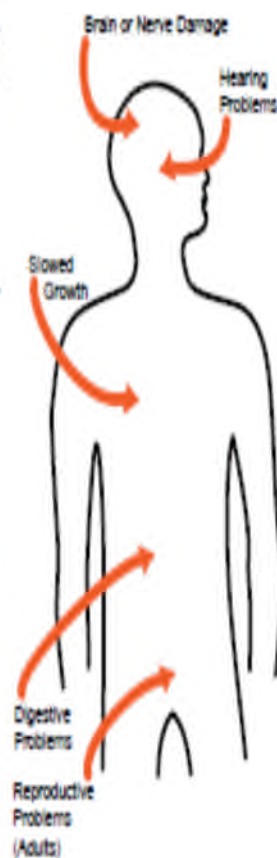
- ◆ Nervous system and kidney damage.
- ◆ Learning disabilities, attention deficit disorder, and decreased intelligence.
- ◆ Speech, language, and behavior problems.
- ◆ Poor muscle coordination.
- ◆ Decreased muscle and bone growth.
- ◆ Hearing damage.

While low-lead exposure is most common, exposure to high levels of lead can have devastating effects on children, including seizures, unconsciousness, and, in some cases, death.

Although children are especially susceptible to lead exposure, lead can be dangerous for adults too.

In adults, lead can cause:

- ◆ Increased chance of illness during pregnancy.
- ◆ Harm to a fetus, including brain damage or death.
- ◆ Fertility problems (in men and women).
- ◆ High blood pressure.
- ◆ Digestive problems.
- ◆ Nerve disorders.
- ◆ Memory and concentration problems.
- ◆ Muscle and joint pain.



Lead affects the body in many ways.

Where Lead-Based Paint Is Found

In general, the older your home, the more likely it has lead-based paint.

Many homes built before 1978 have lead-based paint. The federal government banned lead-based paint from housing in 1978. Some states stopped its use even earlier. Lead can be found:

- ◆ In homes in the city, country, or suburbs.
- ◆ In apartments, single-family homes, and both private and public housing.
- ◆ Inside and outside of the house.
- ◆ In soil around a home. (Soil can pick up lead from exterior paint or other sources such as past use of leaded gas in cars.)

Checking Your Family for Lead

Get your children and home tested if you think your home has high levels of lead.

To reduce your child's exposure to lead, get your child checked, have your home tested (especially if your home has paint in poor condition and was built before 1978), and fix any hazards you may have. Children's blood lead levels tend to increase rapidly from 6 to 12 months of age, and tend to peak at 18 to 24 months of age.

Consult your doctor for advice on testing your children. A simple blood test can detect high levels of lead. Blood tests are usually recommended for:

- ◆ Children at ages 1 and 2.
- ◆ Children or other family members who have been exposed to high levels of lead.
- ◆ Children who should be tested under your state or local health screening plan.

Your doctor can explain what the test results mean and if more testing will be needed.

Identifying Lead Hazards

Lead-based paint is usually not a hazard if it is in good condition, and it is not on an impact or friction surface, like a window. It is defined by the federal government as paint with lead levels greater than or equal to 1.0 milligram per square centimeter, or more than 0.5% by weight.

Deteriorating lead-based paint (peeling, chipping, chalking, cracking or damaged) is a hazard and needs immediate attention. It may also be a hazard when found on surfaces that children can chew or that get a lot of wear-and-tear, such as:

- ◆ Windows and window sills.
- ◆ Doors and door frames.
- ◆ Stairs, railings, banisters, and porches.

Lead dust can form when lead-based paint is scraped, sanded, or heated. Dust also forms when painted surfaces bump or rub together. Lead chips and dust can get on surfaces and objects that people touch. Settled lead dust can re-enter the air when people vacuum, sweep, or walk through it. The following two federal standards have been set for lead hazards in dust:

- ◆ 40 micrograms per square foot ($\mu\text{g}/\text{ft}^2$) and higher for floors, including carpeted floors.
- ◆ 250 $\mu\text{g}/\text{ft}^2$ and higher for interior window sills.

Lead in soil can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. The following two federal standards have been set for lead hazards in residential soil:

- ◆ 400 parts per million (ppm) and higher in play areas of bare soil.
- ◆ 1,200 ppm (average) and higher in bare soil in the remainder of the yard.

The only way to find out if paint, dust and soil lead hazards exist is to test for them. The next page describes the most common methods used.

Lead from paint chips, which you can see, and lead dust, which you can't always see, can both be serious hazards.

Checking Your Home for Lead

Just knowing that a home has lead-based paint may not tell you if there is a hazard.

You can get your home tested for lead in several different ways:

- ◆ A **paint inspection** tells you whether your home has lead-based paint and where it is located. It won't tell you whether or not your home currently has lead hazards.
- ◆ A **risk assessment** tells you if your home currently has any lead hazards from lead in paint, dust, or soil. It also tells you what actions to take to address any hazards.
- ◆ A **combination risk assessment and inspection** tells you if your home has any lead hazards and if your home has any lead-based paint, and where the lead-based paint is located.

Hire a trained and certified testing professional who will use a range of reliable methods when testing your home.

- ◆ Visual inspection of paint condition and location.
- ◆ A portable x-ray fluorescence (XRF) machine.
- ◆ Lab tests of paint, dust, and soil samples.

There are state and federal programs in place to ensure that testing is done safely, reliably, and effectively. Contact your state or local agency (see bottom of page 11) for more information, or call 1-800-424-LEAD (5323) for a list of contacts in your area.

Home test kits for lead are available, but may not always be accurate. Consumers should not rely on these kits before doing renovations or to assure safety.



What You Can Do Now To Protect Your Family

If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:

- ◆ If you rent, notify your landlord of peeling or chipping paint.
- ◆ Clean up paint chips immediately.
- ◆ Clean floors, window frames, window sills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead. **REMEMBER: NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.**
- ◆ Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.
- ◆ Wash children's hands often, especially before they eat and before nap time and bed time.
- ◆ Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- ◆ Keep children from chewing window sills or other painted surfaces.
- ◆ Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- ◆ Make sure children eat nutritious, low-fat meals high in iron and calcium, such as spinach and dairy products. Children with good diets absorb less lead.



Reducing Lead Hazards In The Home

Removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.

Always use a professional who is trained to remove lead hazards safely.



In addition to day-to-day cleaning and good nutrition:

- ◆ You can **temporarily** reduce lead hazards by taking actions such as repairing damaged painted surfaces and planting grass to cover soil with high lead levels. These actions (called "interim controls") are not permanent solutions and will need ongoing attention.
- ◆ To **permanently** remove lead hazards, you should hire a certified lead "abatement" contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not permanent removal.

Always hire a person with special training for correcting lead problems—someone who knows how to do this work safely and has the proper equipment to clean up thoroughly. Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Once the work is completed, dust cleanup activities must be repeated until testing indicates that lead dust levels are below the following:

- ◆ 40 micrograms per square foot ($\mu\text{g}/\text{ft}^2$) for floors, including carpeted floors;
- ◆ 250 $\mu\text{g}/\text{ft}^2$ for interior windows sills; and
- ◆ 400 $\mu\text{g}/\text{ft}^2$ for window troughs.

Call your state or local agency (see bottom of page 11) for help in locating certified professionals in your area and to see if financial assistance is available.

Remodeling or Renovating a Home With Lead-Based Paint

Take precautions before your contractor or you begin remodeling or renovating anything that disturbs painted surfaces (such as scraping off paint or tearing out walls):

- ◆ **Have the area tested for lead-based paint.**
- ◆ **Do not use a belt-sander, propane torch, high temperature heat gun, dry scraper, or dry sandpaper** to remove lead-based paint. These actions create large amounts of lead dust and fumes. Lead dust can remain in your home long after the work is done.
- ◆ **Temporarily move your family** (especially children and pregnant women) out of the apartment or house until the work is done and the area is properly cleaned. If you can't move your family, at least completely seal off the work area.
- ◆ **Follow other safety measures to reduce lead hazards.** You can find out about other safety measures by calling 1-800-424-LEAD. Ask for the brochure "Reducing Lead Hazards When Remodeling Your Home." This brochure explains what to do before, during, and after renovations.

If you have already completed renovations or remodeling that could have released lead-based paint or dust, get your young children tested and follow the steps outlined on page 7 of this brochure.



If not conducted properly, certain types of renovations can release lead from paint and dust into the air.



Other Sources of Lead



◆ **Drinking water.** Your home might have plumbing with lead or lead solder. Call your local health department or water supplier to find out about testing your water. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might have lead in it:

- Use only cold water for drinking and cooking.
- Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.

While paint, dust, and soil are the most common sources of lead, other lead sources also exist.

◆ **The job.** If you work with lead, you could bring it home on your hands or clothes. Shower and change clothes before coming home. Launder your work clothes separately from the rest of your family's clothes.



◆ **Old painted toys and furniture.**

◆ **Food and liquids stored in lead crystal or lead-glazed pottery or porcelain.**

◆ **Lead smelters** or other industries that release lead into the air.

◆ **Hobbies** that use lead, such as making pottery or stained glass, or refinishing furniture.

◆ **Folk remedies** that contain lead, such as "greta" and "azarcon" used to treat an upset stomach.



For More Information

The National Lead Information Center

Call **1-800-424-LEAD (424-5323)** to learn how to protect children from lead poisoning and for other information on lead hazards. To access lead information via the web, visit www.epa.gov/lead and www.hud.gov/offices/lead/.



EPA's Safe Drinking Water Hotline

Call **1-800-426-4791** for information about lead in drinking water.

Consumer Product Safety Commission (CPSC) Hotline

To request information on lead in consumer products, or to report an unsafe consumer product or a product-related injury call **1-800-638-2772**, or visit CPSC's Web site at: www.cpsc.gov.



Health and Environmental Agencies

Some cities, states, and tribes have their own rules for lead-based paint activities. Check with your local agency to see which laws apply to you. Most agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards. Receive up-to-date address and phone information for your local contacts on the Internet at www.epa.gov/lead or contact the National Lead Information Center at **1-800-424-LEAD**.

For the hearing impaired, call the Federal Information Relay Service at **1-800-877-8339** to access any of the phone numbers in this brochure.

EPA Regional Offices

Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

EPA Regional Offices

Region 1 (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)

Regional Lead Contact
U.S. EPA Region 1
Suite 1100 (C77)
One Congress Street
Boston, MA 02114-2523
(888) 372-7341

Region 2 (New Jersey, New York, Puerto Rico, Virgin Islands)

Regional Lead Contact
U.S. EPA Region 2
2890 Woodbridge Avenue
Building 209, Mail Stop 225
Edison, NJ 08837-3679
(732) 321-6671

Region 3 (Delaware, Maryland, Pennsylvania, Virginia, Washington DC, West Virginia)

Regional Lead Contact
U.S. EPA Region 3 (3WC33)
1650 Arch Street
Philadelphia, PA 19103
(215) 814-5000

Region 4 (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

Regional Lead Contact
U.S. EPA Region 4
61 Forsyth Street, SW
Atlanta, GA 30303
(404) 562-8998

Region 5 (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

Regional Lead Contact
U.S. EPA Region 5 (DT-80)
77 West Jackson Boulevard
Chicago, IL 60604-3666
(312) 886-6003

Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

Regional Lead Contact
U.S. EPA Region 6
1445 Ross Avenue, 12th floor
Dallas, TX 75202-2733
(214) 665-7577

Region 7 (Iowa, Kansas, Missouri, Nebraska)

Regional Lead Contact
U.S. EPA Region 7
(ARND-RAL)
901 N. 5th Street
Kansas City, KS 66101
(913) 551-7020

Region 8 (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

Regional Lead Contact
U.S. EPA Region 8
999 18th Street, Suite 500
Denver, CO 80202-2466
(303) 312-6021

Region 9 (Arizona, California, Hawaii, Nevada)

Regional Lead Contact
U.S. Region 9
75 Hawthorne Street
San Francisco, CA 94105
(415) 947-4164

Region 10 (Alaska, Idaho, Oregon, Washington)

Regional Lead Contact
U.S. EPA Region 10
Toxic Section WCM-128
1200 Sixth Avenue
Seattle, WA 98101-1128
(206) 553-1985

CPSC Regional Offices

Your Regional CPSC Office can provide further information regarding regulations and consumer product safety.

Eastern Regional Center

Consumer Product Safety Commission
201 Varick Street, Room 903
New York, NY 10014
(212) 620-4120

Western Regional Center

Consumer Product Safety Commission
1301 Clay Street, Suite 610-N
Oakland, CA 94612
(510) 637-4050

Central Regional Center

Consumer Product Safety Commission
230 South Dearborn Street, Room 2944
Chicago, IL 60604
(312) 353-8260

HUD Lead Office

Please contact HUD's Office of Healthy Homes and Lead Hazard Control for information on lead regulations, outreach efforts, and lead hazard control and research grant programs.

U.S. Department of Housing and Urban Development

Office of Healthy Homes and Lead Hazard Control
451 Seventh Street, SW, P-3206
Washington, DC 20410
(202) 755-1785

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U.S. EPA Washington DC 20460
U.S. CPSC Washington DC 20207
U.S. HUD Washington DC 20410

EPA 747-K-09-001
June 2009

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards

Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) _____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

(ii) _____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) _____ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

(ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c) _____ Purchaser has received copies of all information listed above.

(d) _____ Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

(e) Purchaser has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) _____ waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

(f) _____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Seller	Date	Seller	Date
Purchaser	Date	Purchaser	Date
Agent	Date	Agent	Date

Exhibit K - 24 CFR Part 5

§ 5.703 Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).

These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

- (a) *Site.* The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.
- (b) *Building exterior.* Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.
- (c) *Building systems.* Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.
- (d) *Dwelling units.*
 - (1) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.
 - (2) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).
 - (3) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.
 - (4) The dwelling unit must include at least one battery-operated or hardwired smoke detector, in proper working condition, on each level of the unit.
- (e) *Common areas.* The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply, to a varying extent, to all HUD housing, but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.
- (f) *Health and safety concerns.* All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have hand rails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).
- (g) *Compliance with state and local codes.* The physical condition standards in this section do not supersede or preempt state and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

Exhibit L
(Required from Homebuyer Bidders only)
Owner Occupant Certification

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

I/we, _____, certify that I/we intend to purchase the property located at _____ (address) as an owner-occupant. This is being submitted with the representation that I/we will occupy the property as my/our primary residence for at least 12 months.

Purchaser's Name: _____

Signature & Date: _____

Purchaser's Name: _____

Signature & Date: _____